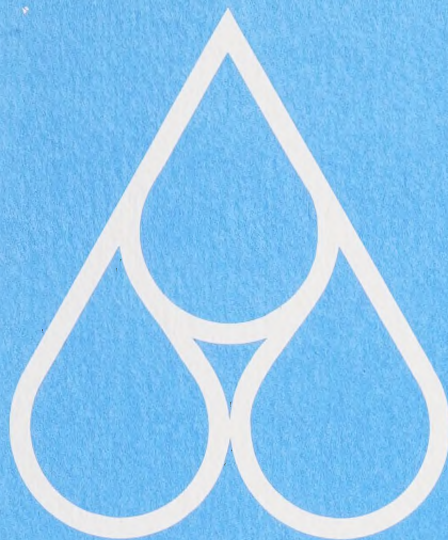




Pub utility water - S.D. co.
Local finance } orange co.
Investments } Public securities

Official Statement

no fly

Tri-Cities Municipal Water District Orange and San Diego Counties California

\$1,150,000
1976 Water Bonds
(General Obligations)

INSTITUTE OF GOVERNMENTAL
STUDIES LIBRARY

AUG 30 1976

UNIVERSITY OF CALIFORNIA

\$900,000
1976 Notes

Bids to be received by the Secretary-Treasurer of the District
up until 2:00 pm, Wednesday, September 8, 1976, at the
District offices, 214-A Avenida Del Mar, San Clemente, Ca 92672.



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TRI-CITIES MUNICIPAL WATER DISTRICT

BOARD OF DIRECTORS

Richard M. Learner, *President*

Ray J. Campbell

John P. Serences

W. M. MacKay, Jr.

Wallace W. Walton

H. Rodger Howell

Attorney

Woodside-Kubota & Associates, Inc.

Consulting Engineers

B. Franklin Metzleur

Secretary-Treasurer

SPECIAL SERVICES

Rutan & Tucker, *Bond Counsel*

Santa Ana

Stone & Youngberg Municipal Financing Consultants, Inc.

Los Angeles and San Francisco

THE DATE OF THIS OFFICIAL STATEMENT IS AUGUST 18, 1976

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TRI-CITIES MUNICIPAL WATER DISTRICT

BOARD OF DIRECTORS
RICHARD M. LEARNER
PRESIDENT

JOHN P. SERENCES
W. M. MACKAY, JR.
WALLACE W. WALTON
RAY J. CAMPBELL

214-A AVENIDA DEL MAR
POST OFFICE BOX 416
SAN CLEMENTE, CALIFORNIA 92672
TELEPHONE 492-1313
PALISADES RESERVOIR 496-1377

H. RODGER HOWELL
ATTORNEY
CONSULTING ENGINEERS
WOODSIDE-KUBOTA & ASSOCIATES, INC.
RAY D. WOODSIDE
B. FRANKLIN METZLEUR
SECRETARY-TREASURER
ARTHUR H. DEFFLEY
SUPERINTENDENT

August 18, 1976

To Whom It May Concern:

The purpose of this Official Statement is to supply information to prospective bidders on and buyers of \$1,150,000 of 1976 Water Bonds, and \$900,000 of 1976 Notes, authorized and to be issued for the purpose of assisting in the financing of water system improvements and paying of expenses in connection with bond issuance.

The material contained in this Official Statement was prepared by Stone & Youngberg Municipal Financing Consultants, Inc., in the capacity of financing consultant to the Tri-Cities Municipal Water District in connection with the District's 1976 Water Bonds and 1976 Notes, and that firm will receive compensation from the District contingent upon the sale and delivery of the Bonds. Summaries herein presented of the Resolution of Issuance, Notice Inviting Bids, proposed project improvements, financial and economic data do not purport to be complete, and reference is made to the documents on file in the office of the Secretary of the District for further information. Statements which involve estimates or opinions, whether or not expressly so described herein, are intended solely as such and are not to be construed as factual reports.

The Official Statement does not constitute a contract with the buyers or holders, from time to time, of the Bonds. The Resolution of Issuance, which does constitute such a contract, is available to any prospective bidder on request from the Secretary.

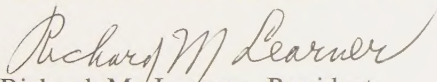
The legal opinion, approving the validity of the Bonds, will be furnished by Rutan & Tucker, Santa Ana, California, Bond Counsel to the District. Bond Counsel's participation in the preparation of this Official Statement has been limited to reviewing the statements of law and legal conclusions as set forth herein under the heading "The Bonds".

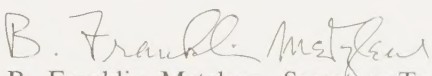
No dealer, broker, salesman or other person has been authorized by the District to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

At the time of payment for and delivery of the Bonds, the District will furnish the successful bidder a certificate, signed by an appropriate officer of the District acting in his official capacity, to the effect that to the best of his knowledge and belief, and after reasonable investigation, (a) neither the Official Statement nor any amendment or supplement thereto contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading; (b) since the date of the Official Statement no event has occurred which should have been set forth in an amendment or supplement to the Official Statement which has not been set forth in such an amendment or supplement; nor (c) has there been any material adverse change in the operation or financial affairs of the District since the date of such Official Statement.

The execution and distribution of this Official Statement have been duly authorized by the District.

TRI-CITIES MUNICIPAL WATER DISTRICT


Richard M. Learner, President

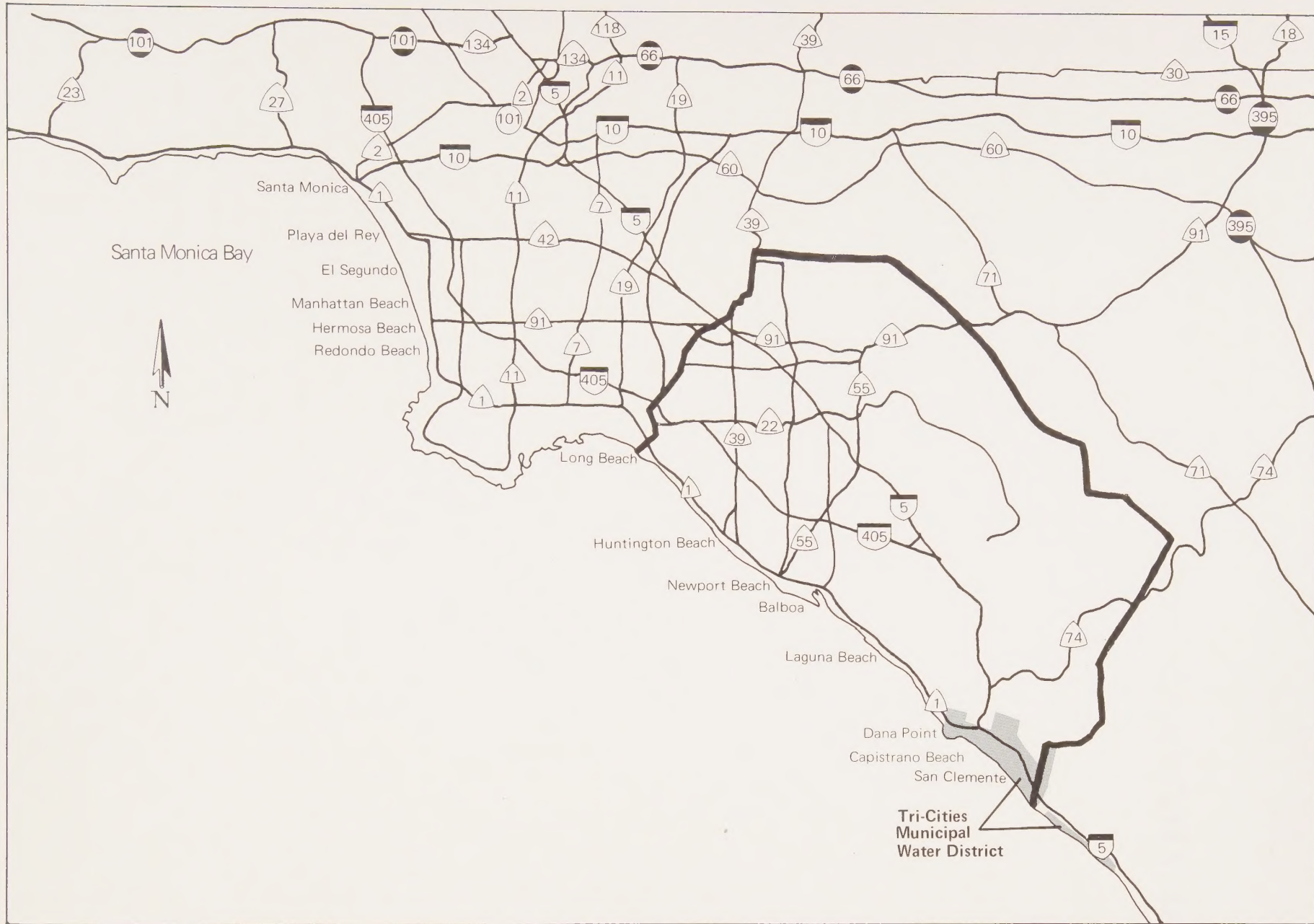

B. Franklin Metzleur, Secretary-Treasurer

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INTRODUCTION

The Tri-Cities Municipal Water District is located in the south coastal portion of Orange County and the north coastal portion of San Diego County.

The District was formed in 1959 for the purpose of providing a supplemental water supply for the water distribution agencies within its boundaries. It included the City of San Clemente, the unincorporated community of Capistrano Beach and a portion of the community of Dana Point. The area had already been annexed to the Coastal Municipal Water District, a member agency of the Metropolitan Water District of Southern California (MWD) in 1954.

In December 1975 the District annexed a portion of the Naval Reservation located in the north coastal portion of San Diego County. The annexed area consists primarily of the San Onofre State Beach and the San Onofre Nuclear Generating station, both of which are located on land leased from the Federal government. The nuclear generating station is owned jointly by the Southern California Edison Company (80 percent) and the San Diego Gas & Electric Company (20 percent). The annexed area is in the process of being annexed to the San Diego County Water Authority, which is also a member agency of MWD. MWD has agreed in principle to the annexation.

The annexation to the District was completed under terms of a Memorandum of Understanding between the District, the San Diego County Water Authority and the Southern California Edison Company, acting on behalf of itself and the San Diego Gas & Electric Company.

The District obtains its water supply from the MWD East Orange County Feeder No. 2. The water is conveyed to the District by the Tri-Cities Transmission Main and the Tri-Cities Local Feeder. The Tri-Cities Transmission Main is owned jointly by the Irvine Water District, the Moulton-Niguel Water District, Orange County Waterworks District No. 4 and the Tri-Cities Municipal Water District. It was constructed and is operated by the Tri-Cities Municipal Water District pursuant to joint exercise of powers agreements with the other districts. The Tri-Cities Local Feeder is wholly owned and operated by the Tri-Cities Municipal Water District.

The Local Feeder terminates in the City of San Clemente and water is stored by the District in its Palisades Reservoir which has a capacity of 147 acre feet.

The East Orange County Feeder No. 2 formerly supplied only filtered Colorado River water. Since July of 1976, it has supplied a filtered blend of Colorado River water and northern California water from the State Water Project. The blended water is expected to be of higher quality than the Colorado River supply.

Water supplied by the District is presently distributed within its boundaries by two agencies, the City of San Clemente and the Capistrano Beach County Water District. The City of San Clemente also uses local ground water supplies. Ground water is available in the Capistrano Beach County Water District but it requires demineralization to be useable.

The Palisades Reservoir, the Local Feeder and the District's share of the Tri-Cities Transmission Main were financed by \$3,000,000 of District general obligation bonds issued in 1960 and \$1,750,000 of additional bonds issued in 1962. The two bond issues were part of a \$5,900,000 principal amount of bonds authorized at an election held in 1960.

The proceeds of the bonds currently being offered for sale will be used to finance the extension of the District's transmission main from its present terminus in the center of the City of San Clemente to the southerly boundary of Orange County and to meet a portion of the costs of a reservoir to be constructed in the future. The proceeds of the notes will be used to finance a transmission main extending from the southerly boundary of Orange County into the recently annexed territory in San Diego County. A portion of the note proceeds may also be applied to the cost of the future reservoir construction.

The terms of the annexation provide that, in return for extending the transmission main into the annexed area, the District will be paid two installments of

\$320,000 each in March of 1977 and March 1978 by the San Diego County Water Authority. The State has agreed to pay the District \$156,000 when the State Beach is connected to the system. The District expects to apply these funds to the repayment of a portion of the notes but they are not pledged to this purpose.

The San Diego County Water Authority has agreed that water delivered to the nuclear generating station and the State Beach will be charged against its entitlement to MWD water rather than the District's.

The bonds currently being offered for sale are secured by the District's obligation to levy unlimited ad valorem taxes to meet debt service requirements on all property within the District, except the property in San Diego County. However the District may meet debt service from any source of revenue available to it, including revenues from the sale of water and proceeds of its tax rate for general purposes. As noted below, a general tax rate of up to eight cents per \$100 assessed valuation may be levied on all property within the District, including the property within San Diego County.

The notes currently being offered for sale are payable from any taxes — except taxes levied for general obligation bond service — or other revenues received by the District, including the proceeds of taxes levied on property within San Diego County. However, as one of the terms of the annexation of the property in San Diego County, the District agreed to limit its tax rate for general purposes to eight cents per \$100 assessed valuation. The District's 1975/76 tax rate for general purposes was 4.43 cents per \$100 assessed valuation. A tax rate of eight cents levied on the District's 1976/77 assessed valuation would produce an increase of \$119,146 over the District's 1975/76 levy.

THE BONDS

Authority For Issuance

The \$1,150,000 principal amount of Tri-Cities Municipal Water District 1976 Water Bonds (the Bonds) are being issued pursuant to Resolution No. 240 adopted by the District Board of Directors on August 18, 1976, and under provisions of the Municipal Water District Act of 1911, Division 30 of the California Water Code, commencing with Section 71000.

Pursuant to Section 53541 of the California Government Code, the Bonds will be issued in place of an equal principal amount of bonds representing the final series of a \$5,900,000 principal amount authorized at a maximum interest rate of six percent at an election held on April 19, 1960. The District sold \$3,000,000 of the bonds in August 1960 and an additional \$1,750,000 in February 1962.

Sale of the Bonds

Bids for the purchase of the Bonds will be received by the Secretary of the District at or before 2:00 P.M., on Wednesday, September 8, 1976, at the District office, 214-A Avenida Del Mar, San Clemente, California. Mailed bids should be addressed to P. O. Box 416, San Clemente, California 92672. It is anticipated that the Board of Directors of the District will take action on the bids at a meeting to be held at 4:00 P.M. on the same day. Details of the terms of sale are included in the Notice Inviting Bids approved August 18, 1976.

Description of the Bonds

The \$1,150,000 principal amount of Tri-Cities Municipal Water District 1976 Water Bonds will be issued in denominations of \$5,000. The Bonds will be numbered from 1 to 230, inclusive, and will be dated September 1, 1976. The Bonds will mature serially on September 1 of each year, as shown in the Schedule of Maturities on the following page.

Interest is payable semiannually on March 1 and September 1, commencing March 1, 1977.

Both principal and interest are payable at the Los Angeles and San Francisco offices of the Corporate Trust Division of the Bank of America NT & SA, paying agent for the District, or at any paying agent of the District in Chicago, Illinois or New York, New York.

SCHEDULE OF MATURITIES

September 1	Principal Maturing
1978	\$ 25,000
1979-81	50,000
1982-87	75,000
1988-91	100,000
1992	125,000

Redemption Provisions

The resolution of issuance provides that Bonds maturing on or before September 1, 1984 are not subject to call or redemption prior to their fixed maturity dates. Bonds maturing on and after September 1, 1985, a principal amount of \$750,000, are subject to call and redemption as a whole or in part in inverse order of maturity and by lot within a single maturity, at the option of the Board of Directors of the District on any interest payment date on or after September 1, 1984, upon payment of the principal amount plus interest to the date of redemption and a premium equal to one-quarter of one percent of the principal amount for each year or portion of a year between the date of redemption and the maturity date. The District will publish in a financial journal or financial newspaper published in the City of New York, New York, a notice of intended redemption at least 30 days, but not more than 60 days, prior to the redemption dates. Written notice of redemption is to be mailed by the District to the holders of any registered bonds designated for redemption.

Registration

The Bonds will be issued as coupon bonds which may be exchanged for fully registered bonds of the same maturity at the option of the holder. Fully registered bonds may subsequently be exchanged for coupon bonds.

Legal Opinion

The unqualified opinion of Rutan & Tucker, Santa Ana, California, bond counsel for the Tri-Cities

Municipal Water District, approving the validity of the Bonds will be supplied free of charge to the original purchasers of the Bonds. A copy of the legal opinion of Rutan & Tucker, certified by the official of the District in whose office the original is filed, will be printed on each bond without charge to the successful bidder.

Tax Exempt Status

In the opinion of bond counsel, the interest on the Bonds is exempt from present Federal income taxes and from State of California personal income taxes.

Purpose of the Bonds

The proceeds from the sale of the Bonds will be used to finance an expansion of the District's water system, as described in the section of this official statement entitled "The Project."

Security

Bond principal and interest are payable from annual ad valorem assessments which may be levied without limitation as to rate or amount on all assessable lands within the District except that, pursuant to a Memorandum of Understanding between the District, the Southern California Edison Company (acting on behalf of itself and the San Diego Gas and Electric Company) and the San Diego County Water Authority, the area within San Diego County which has been annexed to the District will not be liable for any of the outstanding or authorized but unissued bonds of the District.

However, under terms of the Memorandum of Understanding the District may levy a tax for general purposes of up to eight cents per \$100 of assessed valuation on all property within its boundaries, including the property in San Diego County. The District intends to apply a portion of the proceeds from this general tax to the payment of bond principal and interest.

In addition to taxes, the District may use funds derived from water service and standby charges to meet debt service if available for that purpose.

THE NOTES

Authority For Issuance

The \$900,000 of Tri-Cities Municipal Water District 1976 Notes (the Notes) will be issued under provisions of Chapter 2 of Part 6 of the Municipal Water District Law of 1911 (Water Code of the State of California, commencing with Section 71810) and pursuant to Resolution No. 241 of the Board of Directors of the District adopted August 18, 1976.

Sale of Notes

Bids for the purchase of the Notes will be received by the Secretary of the District at or before 2:00 P.M. on Wednesday, September 8, 1976, at the District office 214-A Avenida Del Mar, San Clemente, California 92672. Mailed bids should be addressed to P. O. Box 416, San Clemente, California 92672. It is anticipated that the Board of Directors of the District will take action on the bids at a meeting to be held at 4:00 P.M. on the same day. Details of the terms of sale are included in the Notice Inviting Bids approved August 18, 1976.

Description of the Notes

The \$900,000 principal amount of Tri-Cities Municipal Water District 1976 Notes will be issued in denominations of \$5,000. The Notes will be numbered from 1 to 180 inclusive and will be dated September 1, 1976. The Notes will mature serially on September 1 of each year, as shown in the following Schedule of Maturities.

SCHEDULE OF MATURITIES

Year	Principal Maturing
1977	\$175,000
1978	175,000
1979	175,000
1980	175,000
1981	200,000

Interest is payable semiannually on March 1 and September 1 of each year, commencing March 1, 1977.

Both principal and interest are payable at the Los Angeles and San Francisco offices of the Corporate Trust Division of the Bank of America NT & SA,

paying agent for the District, or at any paying agent of the District in Chicago, Illinois or New York, New York.

Non-Redeemable

The Notes will not be subject to redemption prior to their fixed maturity dates.

Legal Opinion

The unqualified legal opinion of Rutan & Tucker, Santa Ana, California, bond counsel for the Tri-Cities Municipal Water District approving the validity of the Notes, will be supplied free of charge to the original purchasers of the Notes. A copy of the legal opinion of Rutan & Tucker, certified by the official of the District in whose office the original is filed, will be printed on each note without charge to the successful bidder.

Tax Exempt Status

In the opinion of Rutan & Tucker, the interest on the Notes is exempt from present Federal income taxes and from State of California personal income taxes.

Purpose of the Notes

The proceeds from the sale of the Notes will be used to finance an extension of the District's water transmission system, as described in the section of this official statement entitled "The Project."

Security

The Notes are payable from any taxes or other revenues received by the District, except taxes levied for the purpose of paying general obligation bond service.

Division 1, Part 4, Chapter 3 of the Revenue and Taxation Code of the State of California, commencing with Section 2201, limits the tax rate which the

District may levy for purposes other than paying general obligation bond service, employee retirement costs and certain other obligations, to the District tax rate for 1971/72 or 1972/73, whichever is higher, unless an increase in the tax rate is approved at an election, provided that the tax rate may be increased proportionately to percentages by which increases in the Consumer Price Index and/or the District population exceed the rate of increase in the assessed valuation of the District.

The District tax rate for general purposes was 8.19 cents per \$100 assessed valuation in 1971/72 and dropped to 4.43 cents in 1972/73, where it has since been maintained.

Under terms of the Memorandum of Understanding between the District, the Southern California Edison Company (acting on behalf of itself and the San Diego Gas and Electric Company) and the San Diego County Water Authority, providing for the annexation to the District of the property in the San Diego County, the District agreed to limit its tax rate for general purposes to eight cents per \$100 assessed valuation.

Based on the 1976/77 assessed valuation of the District, a tax rate of eight cents per \$100 assessed valuation would produce an increase of \$119,146 over the 1975/76 tax levy.

The District plans to meet a portion of the debt service on the notes with two annual installments of \$320,000 each to be paid to it by the San Diego County Water Authority in 1977 and 1978 and \$156,000 to be paid by the State when the District makes water service available to the State Beach. However, these payments are not pledged to debt service.

Estimated Annual Debt Service

Table 1 shows estimated annual debt service on the 1976 Water Bonds and the \$900,000 note issue, together with the actual annual bond service requirements for prior general obligation bond issues of the District.

Table 1**TRI-CITIES MUNICIPAL WATER DISTRICT****Estimated Annual Debt Service**

Fiscal Year	Estimated 1976 Bonds ^①			Estimated 1976 Notes ^①			Prior Bond Issues	Aggregate Debt Service
	Interest Estimated at 7%	Principal Maturing	Total Debt Service	Interest Estimated at 5%	Principal Maturing	Total Debt Service		
1976/77..	\$ 80,500	\$ —	\$ 80,500	\$ 45,000	\$175,000	\$ 220,000	\$ 324,250.00	\$ 624,750.00
1977/78..	80,500	25,000	105,500	36,250	175,000	211,250	342,250.00	659,000.00
1978/79..	78,750	50,000	128,750	27,500	175,000	202,500	334,250.00	665,500.00
1979/80..	75,250	50,000	125,250	18,750	175,000	193,750	326,250.00	645,250.00
1980/81..	71,750	50,000	121,750	10,000	200,000	210,000	343,250.00	675,000.00
1981/82..	68,250	75,000	143,250				358,950.00	502,200.00
1982/83..	63,000	75,000	138,000				348,675.00	486,675.00
1983/84..	57,750	75,000	132,750				338,400.00	471,150.00
1984/85..	52,500	75,000	127,500				353,125.00	480,625.00
1985/86..	47,250	75,000 ^②	122,250				341,787.50	464,037.50
1986/87..	42,000	75,000 ^②	117,000				355,450.00	472,450.00
1987/88..	36,750	100,000 ^②	136,750				343,137.50	479,887.50
1988/89..	29,750	100,000 ^②	129,750				405,825.00	535,575.00
1989/90..	22,750	100,000 ^②	122,750				390,412.50	513,162.50
1990/91..	15,750	100,000 ^②	115,750				—	115,750.00
1991/92..	8,750	125,000 ^②	133,750				—	133,750.00
	<u>\$831,250</u>	<u>\$1,150,000</u>	<u>\$1,981,250</u>	<u>\$137,500</u>	<u>\$900,000</u>	<u>\$1,037,500</u>	<u>\$4,906,012.50</u>	<u>\$7,924,762.50</u>

① Includes interest and principal coming due in first quarter of following fiscal year but for which taxes would be levied in fiscal year shown.

② Callable on and after September 1, 1984.



The San Onofre Nuclear Generating Station, which will be served by the extension of the District water system to be financed by the 1976 Notes

THE PROJECT

The proceeds from the sale of the Bonds will be used to finance an extension of the District's transmission main from its existing terminus in the City of San Clemente to the southerly boundary of Orange County and to meet a portion of the costs of a reservoir which will be constructed in the future.

The proceeds from the sale of the Notes will be used to finance a new transmission main extending into the recently annexed territory in San Diego County from the terminus of transmission main to be financed by the Bonds. A portion of the proceeds of the Notes may also be applied to the cost of the future reservoir construction.

Water Supply

The District obtains its water from the Metropolitan Water District of Southern California (MWD). The portion of the District located within Orange County is part of the Coastal Municipal District, a member agency of MWD. The land within San Diego County which has been annexed to the District is also in the process of being annexed to the San Diego Water Authority, which is also a member agency of MWD.

Until recently the District's entire supply consisted of filtered Colorado River water. However, since July of 1976 the District has been supplied with a blend of Colorado River water and Northern California water from the East Branch of the State Water Project. The water is delivered via the MWD East Orange County Feeder No. 2 from the Robert B. Diemer Filtration Plant in Yorba Linda, where the Colorado River and Northern California waters are blended and filtered.

MWD delivers Colorado River water to the Diemer plant, via its Lower Feeder, from Lake Mathews, the terminal reservoir of the Colorado River Aqueduct. Northern California water is delivered from the East Branch of the State Water Project to the City of La Verne in Los Angeles County via the MWD Rialto Pipeline and then to the Diemer plant by the recently completed Yorba Linda Feeder.

The City of San Clemente and the Capistrano Beach County Water District, which are supplied by the District, also have local well water supplies available. However, only the City of San Clemente utilizes

the local supply since ground waters within the Capistrano Beach County Water District requires demineralization to be useable.

Existing Facilities

Water is transmitted from the East Orange County Feeder No. 2 to the City of San Clemente by the Tri-Cities Transmission Main and the Tri-Cities Local Feeder. The Tri-Cities Main is jointly-owned by the Irvine Water District, the Moulton-Niguel Water District, Orange County Waterworks District No. 4 and the Tri-Cities Municipal Water District. The Tri-Cities Local Feeder is wholly owned by the District.

Water is stored by the District at the Palisades Reservoir, an open facility with a capacity of 147 acre feet located near the northerly end of the Local Feeder in the City of San Clemente.

Water flows by gravity from the East Orange County Feeder No. 2 to the terminus of the Tri-Cities Local Feeder.

Tri-Cities Main

The Tri-Cities Transmission Main consists of three reaches: the first extending from the connection with the East Orange County Feeder No. 2 to Laguna Canyon, the second extending to the northern boundary of the Moulton-Niguel Water District and the third extending to the southern boundary of the Moulton-Niguel Water District where it is connected with the Tri-Cities Local Feeder.

The first two reaches were constructed and are operated and maintained by the Tri-Cities Municipal Water District pursuant to a joint exercise of powers

agreement with the Irvine Water District, the Moulton-Niguel Water District and Orange County Waterworks District No. 4. The third reach was constructed and is operated and maintained by the Tri-Cities Municipal Water District pursuant to a joint exercise of powers agreement with the Moulton-Niguel Water District.

The tabulation below shows the capacity rights assigned the participants under the joint exercise of powers agreements.

As the operator of the entire Tri-Cities Main the Tri-Cities Municipal Water District is able to insure that it will receive its full capacity entitlement.

The joint exercise of powers agreements provide for the costs of construction, extraordinary maintenance and repair of the Tri-Cities Main and ordinary maintenance, to be shared by the participants on the basis of capacity rights. The costs of operation and ordinary maintenance, including water purchases and incidental administrative and accounting expenses, are shared on the basis of water use.

Distribution Facilities

Water supplied by the District is distributed within its boundaries by two public agencies. Water is distributed within the City of San Clemente by the municipal water department. The Capistrano Beach County Water District distributes water within the community of Capistrano Beach and a portion of the community of Dana Point. As noted previously, the San Clemente system also utilizes local ground water supplies.

The tabulation on the following page shows the number of active service connections reported by the two systems as of the end of the past five fiscal years.

TRI-CITIES MAIN
Allocation of Capacity Rights

Participant	Capacity Rights In Cubic Feet Per Second		
	Reach One	Reach Two	Reach Three
Irvine Water District	5.0	—	—
Moulton-Niguel Water District	45.0	45.0	39.0-5.0
Orange County Waterworks District No. 4	15.0	15.0	—
Tri-Cities Municipal Water District	23.4	23.4	23.4

TRI-CITIES MUNICIPAL WATER DISTRICT

Year-End Active Water Service Connections Within Boundaries

Fiscal Year	Capistrano Beach CWD	City of San Clemente	Total
1971/72	2,685	5,891	8,576
1972/73	2,866	6,102	8,968
1973/74	3,115	6,352	9,467
1974/75	3,483	6,572	10,055
1975/76	3,856	7,243	11,099

Annexation

At the end of 1975 the District annexed a portion of land in San Diego County extending along the Pacific Coast from the border with Orange County to and including the San Onofre State Beach. The annexed territory also includes the San Onofre Nuclear Generating Station.

Under the terms of the annexation the District agreed to deliver up to 5.07 cubic feet per second of water to the annexed territory and the San Diego County Water Authority agreed that all such deliveries would be charged against its entitlement to MWD water.

The San Diego County Water Authority also agreed to pay the District two annual installments of \$320,000 each in March of 1977 and 1978 in return for constructing facilities for the delivery of water to the annexed area. The State agreed to pay the District \$156,000 upon completion of facilities and delivery of water to the State Beach.

Project Description

The proceeds from the sale of the Bonds will be used to finance the construction of an extension of the Local Feeder to the Orange/San Diego County border and to meet a portion of the cost of the future construction of a reservoir.

The extension of the Local Feeder will consist of a 24-inch line to the site of the turnout for the future reservoir and a 20-inch line from that point

to the Orange/San Diego border. The proceeds from the sale of the Notes will be used to finance the construction of the San Onofre Feeder which will extend into the recently annexed territory in San Diego County from the terminus of the extension of the Tri-Cities Feeder. A portion of the Note proceeds may also be applied to the costs of the reservoir to be constructed in the future.

The San Onofre Feeder will consist of three reaches. The first reach will extend to the site of a takeout to be used in the future for an additional storage facility and will be 20 inches in diameter. The second reach, 14 inches in diameter, will extend to the nuclear plant. The final, 8-inch reach will extend to the most southerly of the three State Beach parcels.

The project will include three take-outs to the State Beach to provide a potable water supply and two take-outs to the nuclear plant to provide water for landscaping, boiler feed and domestic use. However, the nuclear plant will continue using ocean water for cooling.

The reservoir to be fed by the extension of the Local Feeder will have a capacity of 30 acre feet. The District expects to construct the facility, to be known as the South Reservoir, within two years but is not legally committed to any completion date.

Water will flow by gravity to the southerly terminus of the San Onofre Feeder extension and to the future reservoir.

Estimated Project Costs

Table 2 shows an estimate of construction costs provided by the District's engineers, Woodside-Kubota & Associates, Santa Ana, California, together with estimated legal and financing costs.

On July 21, 1976, the District Board of Directors approved a notice inviting bids for construction of the transmission facilities to be received on August 30. The bids will be referred to the Board for consideration at the September 1 regular meeting. An addendum to this official statement showing a summary of the construction bids and the action of the Board of Directors will be published prior to the date of sale of the bonds.

Table 2**TRI-CITIES MUNICIPAL WATER DISTRICT****Estimated Project Costs**

	From Bond Proceeds	From Note Proceeds
Tri-Cities Feeder Extension	\$ 650,000	\$ —
San Onofre Feeder	—	650,000
Engineering, Inspection, Etc.	50,000	50,000
Reserve For Future Reservoir Construction	439,000	191,000
Legal and Financing Costs	11,000	9,000
Total	<u>\$1,150,000</u>	<u>\$ 900,000</u>

FINANCIAL DATA

Assessment Practices

The assessed valuation of utility property within the District is established by the State Board of Equalization. Commencing with the 1976/77 fiscal year the assessed valuation of all other properties subject to District taxes within Orange and San Diego Counties have been established by the Assessors of the respective Counties. Prior to the 1976/77 fiscal year, all of the District was located in Orange County and the assessed valuation of all but utility property was established by the Orange County Assessor.

The State Board of Equalization has reported that assessed valuations established by the Assessors of Orange and San Diego Counties for the 1976/77 fiscal year averaged 24.6 and 25.1 percent of full cash value, respectively. Utility property is reportedly assessed by the State at 25 percent of the average state-wide full cash value.

Under California Law there are two types of exemptions from ad valorem taxes which do not result in any loss of revenue to local taxing agencies, since an amount equal to the taxes which would have been due on such exempt properties is paid by the State. One of these exempts \$1,750 of the assessed valuation of a homeowner's primary residence and the other exempts 50 percent of the assessed valuation of business inventories.

Assessed Valuations

As previously noted, the Notes are payable from ad valorem taxes levied on all taxable property within the District, including that portion located in San Diego County, while the Bonds are payable solely from ad valorem taxes levied on taxable properties located in Orange County.

Assessed Valuation Securing the Notes

The tabulation at the top of the following page shows the 1976/77 assessed valuation of all property in the Tri-Cities Municipal Water District before and after giving effect to the homeowners' and business inventory exemptions.

Assessed Valuation Securing the Bonds

The tabulation at the bottom of the following page shows the 1976/77 assessed valuation of that portion of the District located in Orange County, before and

TRI-CITIES MUNICIPAL WATER DISTRICT**1976/77 Assessed Valuation — All Property**

	Net Assessed Valuation	Homeowners' and Business Inventory Exemptions	Assessed Valuation For Revenue Purposes
Secured	\$166,009,035	\$10,886,345	\$176,895,380
Utility	45,453,060	—0—	45,453,060
Unsecured	13,776,715	1,135,745	14,912,460
Total	\$225,238,810	\$12,022,090	\$237,260,900

after giving effect to the homeowner's and business inventory exemptions.

Prior Year Valuations

The growth in the assessed valuation of the District which has occurred over the past five fiscal years is shown in the following tabulation.

TRI-CITIES MUNICIPAL WATER DISTRICT**Prior-Year Assessed Valuations**

Fiscal Year	Assessed Valuations*	Percentage Increase
1971/72	\$ 81,501,440	3.8%
1972/73	101,684,218	24.8
1973/74	110,756,320	8.9
1974/75	136,014,595	22.8
1975/76	159,507,980	17.3

* Before deduction of homeowners' and business inventory exemptions.

Tax Rates

As shown in the following tabulation, the District reduced its tax rate for General Fund purposes by 54 percent in the 1972/73 fiscal year and has maintained it at the same level since that time, while the tax rate for debt service and the total tax rate have both been reduced twice in the past five years.

TRI-CITIES MUNICIPAL WATER DISTRICT**Tax Rates Per \$100 Assessed Valuation**

Fiscal Year	General Fund	Debt Service	Total
1971/72	\$0.0819	\$0.2900	\$0.3719
1972/73	0.0443	0.2326	0.2769
1973/74	0.0443	0.2326	0.2769
1974/75	0.0443	0.2126	0.2569
1975/76	0.0443	0.2126	0.2569

The tabulation on the following page summarizes the tax rates levied during the 1975/76 fiscal year in

TRI-CITIES MUNICIPAL WATER DISTRICT**1976/77 Assessed Valuation Securing Bonds**

	Net Assessed Valuation	Homeowners' and Business Inventory Exemptions	Assessed Valuation For Revenue Purposes
Secured	\$166,009,035	\$10,886,345	\$176,895,380
Utility	4,989,080	—0—	4,989,080
Unsecured	13,776,715	1,135,745	14,912,460
Total	\$184,774,830	\$12,022,090	\$196,796,920

1975/76 TAX RATES

	Orange County TRA 10-000 ^①	San Diego County TRA 75-001 ^②
County	\$1.7859	\$2.794
Schools	5.9037	4.513
City of San Clemente	1.4477	—
Tri-Cities Municipal Water District	.2569	—
Metropolitan Water District of So. Calif.	.1500	—
Other Special Districts	.3844	—
Total — All Rolls	\$9.9286	\$7.307
City Lighting District	.2705 ^③	—

① Largest tax rate area within District

② Includes area subsequently annexed to District

③ Applicable to land only

the largest tax rate area in the District (1975/76 assessed valuation \$86,242,710, representing 54.1 percent of the District total) and for the tax rate area in San Diego County which contained the territory which was annexed to the District after the 1975/76 tax rolls were established. Total tax rates for the 1976/77 fiscal year have not yet been established.

Tax Levies and Collections

In past years, District taxes have been collected by the Orange County Tax Collector. However, commencing with the 1976/77 fiscal year the San Diego County Assessor will collect the District taxes levied on properties in San Diego County.

District taxes are collected on the same rolls and at the same time as county and school district taxes. Taxes on secured property (including utility property) are payable in two installments, on November 1 and February 1, and become delinquent after December 10 and April 10, respectively. Taxes on property on the unsecured roll are assessed as of March 1 and become delinquent on the following August 31.

Following is a five-year summary of the secured taxes levied by the District together with the amounts of current and prior year taxes collected through June 30 of each year and the percentages of current year levies collected.

TRI-CITIES MUNICIPAL WATER DISTRICT

Secured Tax Levies and Collections

Fiscal Year	Secured Tax Levy	Collections Through June 30				
		Amount			Percentage of Current Year Levy	
		Current Year	Prior Year	Total	Current Year	Total
1971/72	\$277,148	\$272,172	\$ 6,255	\$278,427	98.20%	100.46%
1972/73	250,955	244,328	5,692	250,020	97.36	99.63
1973/74	252,682	244,037	7,024	251,061	96.58	99.36
1974/75	293,208	281,744	3,915	285,659	96.09	97.43
1975/76	349,228	327,095	8,351	335,446	93.66	96.05

Balance Sheets

Table 3 shows a comparison of the District's assets, liabilities and fund balances as of June 30,

1974 and 1975, as shown in annual audit reports prepared by Iverson, Rabe & Co., Certified Public Accountants, in 1974 and by Carroll & Brantley Associates, Certified Public Accountants, in 1975.

Table 3

TRI-CITIES MUNICIPAL WATER DISTRICT

Balance Sheets

Year Ended June 30:	1974	1975
ASSETS		
Cash	\$ 72,979	\$ 34,380
Investments	493,499	343,323
Accounts Receivable	155,630	39,363
Taxes Receivable	4,588	3,369
Accrued Interest Receivable	7,014	2,729
Inventory Water	11,435	7,198
Prepaid Expenses and Rent	4,449	3,010
District Bonds ^①	65,921	39,205
Authorized but Unissued Bonds	1,150,000	—
Fixed Assets Less Depreciation ^②	5,673,175 ^③	3,363,814 ^④
Construction Work in Progress	—	305,501
Other	5,261	5,261
Total	\$7,643,951	\$4,147,153
LIABILITIES AND FUND BALANCES		
Accounts Payable	\$ 168,545	\$ 118,498
Accrued Expenses	387	—
Deposits	14,086	11,300
Matured Bonds and Coupons Payable	24,721	2,750
Accrued Interest Payable	—	48,190
Current Installments of Long Term Debt	—	150,000
Total Current Liabilities	\$ 207,739	\$ 330,738
Long Term Debt Due in Future	—	3,750,000
Equity in Utility Plant	5,673,175 ^③	297,100 ^{④ ⑤}
Other Fund Balances	1,763,037	(230,685)
Total Liabilities and Fund Balances	\$7,643,951	\$4,147,153

① Previously issued general obligation bonds of District held in District Treasury, at cost.

② At original cost less depreciation.

③ Consists of entire Tri-Cities Transmission Main, including costs (less depreciation) allocable to the three other participants in the main.

④ Includes only District's pro rata share of Tri-Cities Transmission Main (based on capacity rights).

⑤ Reduced from \$3,363,814 as a result of including long-term debt as a liability.

Table 4

TRI-CITIES MUNICIPAL WATER DISTRICT**Revenues, Expenses and Fund Balances**

Fiscal Year:	1970/71	1971/72	1972/73	1973/74	1974/75
BEGINNING FUND					
BALANCE ^①	\$512,797	\$ 587,972	\$ 626,903	\$ 614,199	\$ 614,127
FUND BALANCE					
ADJUSTMENT	—	—	—	—	\$ (1,091) ^②
ADJUSTED BALANCE	\$512,797	\$ 587,972	\$ 626,903	\$ 614,199	\$ 613,036
REVENUES					
Sale of Water	\$594,675	\$ 749,481	\$ 929,235	\$1,205,466	\$1,326,440
Property Taxes	304,902	317,232	289,004	305,293	342,855
Interest Earnings	25,306	18,312	18,799	40,844	30,772
Litigation Settlement ^③	12,082	11,945	11,789	10,821	9,936
Other	767	329	344	17,032	256
Prior Year Adjustment	13,570	—	—	—	1,536
Total Revenues	\$951,302	\$1,097,299	\$1,249,171	\$1,579,456	\$1,711,795
EXPENSES					
Water Purchases	\$512,636	\$ 698,128	\$ 843,401	\$1,107,784	\$1,207,915
Other Operating Expenses	108,438	107,173	147,115	171,642	196,338
Debt Service	241,856	257,175	268,879	262,668	283,530
Loss on Sale of Bonds ^④	—	—	—	—	915
Total Expenses	\$862,930	\$1,062,476	\$1,259,395	\$1,542,094	\$1,688,698
NET REVENUES	\$ 88,372	\$ 34,823	\$ (10,224)	\$ 37,362	\$ 23,097
OTHER REVENUES					
(EXPENDITURES)					
Capital Outlay	\$ (3,579)	\$ (4,962)	\$ (988)	\$ (32,386)	\$ (306,141) ^⑤
Decrease (Increase) in Matured but Unpaid Bond Coupons	(12,144)	6,675	(2,871)	(5,831)	(28,821)
Depreciation Adjustment ^⑥	2,526	2,395	1,379	783	—
Other Adjustments	—	—	—	—	998
Total	\$(13,197)	\$ 4,108	\$ (2,480)	\$ (37,434)	\$ (333,964)
ENDING FUND BALANCE ...	\$587,972	\$ 626,903	\$ 614,199	\$ 614,127	\$ 302,169

① Excludes \$1,150,000 of authorized but unissued bonds.

② Net value of equipment transferred from General Fund to Plant Investment.

③ Installment payments due to District under terms of judgement regarding pipe prices.

④ Loss incurred on sale of bonds held in Treasury.

⑤ Includes primarily expenditures to be reimbursed from proceeds of bonds and notes currently being offered for sale.

⑥ Represents adjustment in allocation of fixed assets between District and other partners in Four-power transmission line.

The District's balance sheet for June 30, 1975, reflected the following changes in accounting procedures: The \$1,150,000 of authorized but unissued general obligation bonds were no longer shown as an asset; Fixed Assets and Depreciation reflected only the District's pro rata share of the four-powers pipeline, whereas in 1974 it included the entire cost of the pipeline, less depreciation; and the District's long term debt was added to liabilities, resulting in an equivalent reduction in the amount shown as Equity in Utility Plant under fund balances.

Revenues, Expenses and Fund Balances

Table 4 presents a summary of District revenues, expenses and changes in fund balances over the five-

year period ended June 30, 1975. The summaries were derived from annual audit reports prepared by independent certified public accountants, except that (i) fund balances were adjusted to exclude the \$1,150,000 of authorized but unissued general obligation bonds of the District, and that (ii) changes in fixed assets and depreciation are shown separately in Table 4.

Fixed Assets and Depreciation

Table 5 shows the District's fixed assets at original cost (excluding the pro rata share of the Tri-Cities Transmission Main owned by the three other participants in the main), and related depreciation reserves, as of the end of the five fiscal years 1970/71 through 1974/75, as shown in the annual audit reports.

Table 5

TRI-CITIES MUNICIPAL WATER DISTRICT

Fixed Assets and Depreciation

Year Ended June 30:	1970/71	1971/72	1972/73	1973/74	1974/75
Fixed Assets	\$4,731,163	\$4,736,125	\$4,735,196	\$4,752,763	\$4,755,539 ^①
Less:					
Depreciation	980,730	1,084,648	1,185,785	1,288,287	1,391,725
Net After Depreciation	\$3,750,433	\$3,651,477	\$3,549,411	\$3,464,476	\$3,363,814 ^①

^① Excludes \$305,501 expended on construction work in progress.

Direct and Overlapping Debt

The District presently has outstanding \$3,750,000 of general obligation bonds, as shown below.

TRI-CITIES MUNICIPAL WATER DISTRICT

Direct Debt

Series	Date of Issue	Original Issue	Presently Outstanding	Final Maturity
A	9/15/60	\$3,000,000	\$2,350,000 ^①	9/15/90
B	3/1/62	1,750,000	1,400,000 ^②	3/1/90
Totals		\$4,750,000	\$3,750,000	

^① Includes \$22,000 principal amount held in District Treasury.

^② Includes \$26,000 principal amount held in District Treasury.

Following is a summary of the total amounts of bonds outstanding as of the end of each of the past five fiscal years.

TRI-CITIES MUNICIPAL WATER DISTRICT

Bonds Outstanding

June 30 Year	Series A	Series B	Total
1972	\$2,675,000 ^①	\$1,550,000 ^②	\$4,225,000
1973	2,600,000 ^①	1,525,000 ^②	4,125,000
1974	2,525,000 ^③	1,500,000 ^④	4,025,000
1975	2,450,000 ^③	1,450,000 ^④	3,900,000
1976	2,350,000 ^③	1,400,000 ^④	3,750,000

① Includes \$32,000 principal amount held in District Treasury

② Includes \$46,000 principal amount held in District Treasury

③ Includes \$22,000 principal amount held in District Treasury

④ Includes \$26,000 principal amount held in District Treasury

Table 6 shows a statement of the direct and overlapping bonded debt of the District.

Table 6
TRI-CITIES MUNICIPAL WATER DISTRICT
Statement of Direct and Overlapping Debt

Estimated Population	25,957 ^①					
1976/77 Assessed Valuation:						
All Property	\$237,260,900 ^④					
Orange County Only	\$196,796,920 ^⑤					
Estimated Market Value						
All Property	\$961,518,890 ^{②④}					
Orange County Only	\$779,662,770 ^{②⑤}					
Debt Applicable September 8, 1976 ^③						
	Amount					
	Percentage	All Property	Orange County Only ^⑤			
Orange County	2.308%	\$ 92,205	\$ 92,205			
Orange County Flood Control District	2.308	498,043	498,043			
San Diego County	0.616	23,624	—			
Metropolitan Water District	0.519-0.431	3,514,300	2,918,426			
Palomar Community College District	3.555	81,987	—			
Saddleback Community College District	11.764	769,366	769,366			
Capistrano Unified School District	41.275-41.843	15,214,817	15,214,817			
Fallbrook Union School District	34.327	685,510	—			
Fallbrook Union High School District	21.124-21.313	203,671	—			
City of San Clemente	99.787	2,818,983	2,818,983			
City of San Juan Capistrano	0.001	8	8			
Tri-Cities Municipal Water District	100.000	5,800,000	4,900,000			
Capistrano Beach Sanitary District	81.771	265,756	265,756			
Dana Point Sanitary District	71.976	36,708	36,708			
Capistrano Beach County Water District	99.999	324,997	324,997			
GROSS DIRECT AND OVERLAPPING BONDED DEBT		\$30,329,975	\$27,839,309			
Less: Self-Supporting City of San Clemente Water and Golf bonds		\$ 14,922	\$ 14,922			
NET DIRECT AND OVERLAPPING BONDED DEBT		\$30,315,053	\$27,824,387			
	All Property		Orange County Only			
	Ratio to		Ratio to			
	Assessed Valuation ^⑥	Market Value	Per Capita	Assessed Valuation ^⑥	Market Value	Per Capita
Assessed Valuation ^⑥	— %	— %	\$9,141	— %	— %	\$7,582
Total Direct Debt	2.445	0.603	223	2.490	0.628	189
Total Direct and Overlapping Debt	12.783	3.154	1,168	14.146	3.571	1,073
Net Direct and Overlapping Debt	12.777	3.153	1,168	14.139	3.569	1,072

① Based on January 1976 Special Census conducted by the Orange County Forecast and Analysis Center, and January, 1976 estimate by State Department of Finance.

② The State Board of Equalization reports that 1976/77 assessed valuations in Orange County and San Diego County average 24.6 percent and 25.1 percent, respectively. Utility property is assessed by the State at a reported state-wide average of 25 percent.

③ Excludes sales, if any, between August 19, 1976 and September 8, 1976. Also excludes 1915 Act bonds, revenue bonds, \$720,338 share of Orange County lease obligations totaling \$31,210,500 and \$209,057 share of San Diego County lease obligations totaling \$33,937,811.

④ Area securing the Notes.

⑤ Area securing the Bonds.

⑥ Includes secured, utility and unsecured property.

THE DISTRICT

The Tri-Cities Municipal Water District covers an area of approximately 13.06 square miles of Orange County and the 5.2 square miles located in the north coastal portion of San Diego County. The area located in Orange County consists of the City of San Clemente and the unincorporated communities of Capistrano Beach and Dana Point. The area located in San Diego County, which was annexed to the District in 1975, is comprised of a portion of the Camp Joseph Pendleton Marine Corps Base, including the San Onofre Nuclear Generating Station and the San Onofre State Beach.

The District is located in a scenic Mediterranean-like setting extending from the Pacific Ocean on the west into the coastal hills on the east. Climate in the District is temperate: average annual temperatures range from a high of 70 degrees to a low of 54 degrees; the normal annual rainfall is ten inches occurring primarily during the winter months; and ocean breezes keep the area smog-free. The District has been a popular recreational center for years and has more recently attracted increasing numbers of permanent residents, many of whom are retired.

Each of the four main areas of the District is briefly described below.

San Clemente — The only incorporated city in the District, San Clemente, was incorporated on February 28, 1928, as a general law city. It has a council-manager form of government. It encompasses an area of 14.5 square miles and has about 5,000 acres of undeveloped land. This community was developed in 1925 by Ole Hanson. It began as a picturesque seaside community which featured Spanish architecture of white stucco buildings, red tile roofs, and cool corridors. Today the original buildings are blended with contemporary architecture.

Capistrano Beach — Capistrano Beach is the first part of the Pacific coastline seen by motorists southbound on the San Diego Freeway from Los Angeles. It consists of three miles of beaches, including the Doheny Park State Beach. The adjoining City of San Juan Capistrano is well known for its Mission, founded in 1776, where swallows return March 19th of each year.

Dana Point — This is the northernmost of the Tri-Cities communities and was named for Richard Henry Dana, author of *Two Years Before the Mast*, who landed at what is now Dana Point in 1834.

Dana Point, a natural harbor, is the site of the Dana Point Marina, the newest and most modern marina in Southern California.

San Diego County Annexation — Much of this area consists of property leased from the U.S. Military Reservation at Camp Pendleton for the San Onofre Nuclear Generating Station and the San Onofre State Beach, plus a section of Interstate Highway 5 and the Atchison, Topeka & Santa Fe Railway line between Los Angeles and San Diego.

Organization

The Tri-Cities Municipal Water District was organized under the Municipal Water District Law of 1911 (commencing with Section 71000 of the California Water Code) as the result of an election held on May 12, 1959.

The District is governed by a five member Board of Directors who are elected to four-year alternating terms. Three directors are elected from the City of San Clemente and one each from the communities of Capistrano Beach and Dana Point. One member of the Board of Directors serves as President. A secretary-treasurer, attorney, and engineer are employed on a contract basis. Three full-time employees operate and maintain the system.

Population

The spectacular 6.5-fold population growth of Orange County during the two decades spanning 1950-70 is a matter of record. While county-wide population increased by only 21.2 percent (1,421,233 to 1,722,000) between 1970 and 1976, the population of Southern Orange County has accelerated dramatically. A special census conducted by the Orange County Forecast and Analysis Center in January 1976, and approved by the State Department of Finance, shows that population from Irvine south to the County limits more than doubled to 195,629 from the 94,333 reported in the 1970 U.S. Census. The largest portion of this growth, however, has occurred outside of the Tri-Cities area in the neighboring communities of Mission Viejo, Laguna Hills, San Juan Capistrano, and Laguna Niguel, and the more distant communities of Irvine and El Toro.

Population in the District increased 37 percent between 1970 and 1976, with Dana Point recording

a 73.6 percent increase, San Clemente 29.5 percent and Capistrano Beach 26.8 percent. This more moderate growth has been less taxing of local government resources than that experienced elsewhere in Southern Orange County. The following table summarizes population data for the Tri-Cities communities between 1970 and 1976.

TRI-CITIES MUNICIPAL WATER DISTRICT

Population Growth 1970-76

Community	1970	1976
Capistrano Beach	4,149 ^①	5,260 ^②
Dana Point	4,745 ^①	8,237 ^②
San Clemente	17,063 ^①	22,100 ^③
Totals	25,957	35,597

Sources:

- ① U.S. Census
- ② Orange County Forecast and Analysis Center
- ③ State Department of Finance

Building Activity

Building permit and valuation data are not available for the unincorporated areas of Capistrano Beach and Dana Point. The major commercial building activity in these communities at present is the construction of an additional 1,000 boat slips and accompanying retail outlets for the West Basin of the Dana Point Harbor. Residential construction has also accelerated in order to house Dana Point's expanding population.

Statistics for building permits issued and their valuations are available, however, for the City of San Clemente. Annual totals for the past five calendar years are summarized on the following page.

Building activity in San Clemente fell significantly during 1975, as indicated in the tabulation on the following page. This was particularly true in residential building wherein the total number of units declined by nearly 47 percent compared to 1974. Year-to-date comparisons for the first six months show a 59 percent increase in residential units and a 76 percent increase in total building valuations for 1976 compared with 1975. A breakdown of these totals appears in the following tabulation.

CITY OF SAN CLEMENTE

Building Permits and Valuations Comparative Data First Six Months 1975 and 1976

	Year-to-Date June, 1975	Year-to-Date June, 1976
Number of Permits	411	615
Number of Residential Units	171	272
Residential Valuation	\$8,067,899	\$13,844,161
Commercial Valuation	595,074	1,035,452
Industrial Valuation	80,640	—
Miscellaneous Valuation . . .	631,132	1,636,714
Total Building Valuations	\$9,374,745	\$16,516,327

Source: City of San Clemente, Department of Building and Planning

Housing

Historically the Tri-Cities area consisted of a large percentage of weekend and summer homes, many of which were expensive beachfront dwellings. More recently, the influx of a resident population has seen the development of many inland neighborhoods, a large number of which offer breathtaking ocean views.

A special census of San Clemente conducted in November 1974 by the State Department of Finance showed that 58.1% of the respondents owned their homes. The following summary depicts a listing of the housing units in San Clemente, by type, as of November 1974 special census.

CITY OF SAN CLEMENTE

Housing

Housing Type	Number of Units
Single Family Dwelling	4,637
Duplex to Fourplex	3,616
Five Units or More	1,765
Mobile Homes	334
Total Number of Units	10,352

The 1974 special census indicated that the median monthly rent in San Clemente ranged from \$151-\$175. The special census did not report the value of housing units in San Clemente. The local Chamber of Commerce, however, estimates that the median value of all single family dwellings in San Clemente during 1975 was \$50,000.

The special census conducted in January 1976 by the Orange County Forecast and Analysis Center did not include housing valuations or rental payment data. The special census did, however, indicate that 66 percent, or 1,468, of Capistrano Beach's 2,225 housing units were single family dwellings, 579 were multiple family units, and 178 were mobile home units. A total of 3,578 housing units were recorded in Dana Point, of which 51 percent, or 1,835, were single family dwellings with the remaining units consisting of 1,623 multiple family, 91 mobile home units, and 29 classified as "other".

CITY OF SAN CLEMENTE

Building Permits and Valuations

Year:	1971	1972	1973	1974	1975
Number of Permits	541	834	1,024	966	864
Number of Residential Units	639	782	983	559	299
Residential Valuation	\$8,178,414	\$17,159,533	\$26,800,942	\$21,043,545	\$13,685,337
Commercial Valuation	2,288,930	1,698,807	485,052	766,882	979,949
Industrial Valuation	47,500	138,500	10,000	25,600	82,990
Miscellaneous Valuation	1,104,322	605,867	1,414,105	1,011,396	1,247,822
Total Building Valuations	\$11,619,166	\$19,602,707	\$28,710,099	\$22,847,423	\$15,996,098

Source: City of San Clemente, Department of Building and Planning



The San Clemente central district seen from the coastline

Income

The November 1974 special census for San Clemente reported the following distribution of family incomes.

CITY OF SAN CLEMENTE

Distribution of Family Incomes, 1973

	Number	Percentage ^①
Less Than \$5,000	783	16.0%
\$5,000-\$9,999	1,247	25.4
\$10,000-\$14,999	1,048	21.4
\$15,000-\$19,999	750	15.3
\$20,000-\$24,999	488	10.0
\$25,000-\$34,999	340	6.9
Over \$35,000	248	5.0
Total	4,904	100.0%

① Percentage of valid responses.

It should be noted, however, that 3,399 respondents (or 40.9 percent) refused to furnish family income data. Family income data also fails to measure the substantial assets which retired persons living on lower incomes may possess.

The special census reported the primary sources of income for San Clemente households were as follows.

CITY OF SAN CLEMENTE

Primary Sources of 1973 Family Income

Source	Number	Percentage ^①
Wages or Salary	3,427	52.2%
Self Employment	905	13.8
Rents and Royalties	157	2.4
Pensions	675	10.3
Social Security	755	11.5
Return on Investments or Savings	423	6.4
Public Assistance	49	0.7
Gifts and Trusts	43	0.7
Other	136	2.0
Total	6,570	100.0%

① Percentage of valid responses.

The 1975 special census conducted by Orange County for the Capistrano Beach and Dana Point communities did not report family income data.

Employment

While a substantial percentage of Tri-Cities residents are retired, others are employed locally or commute to jobs elsewhere in Orange County, Los Angeles County or San Diego County.

A July 1974 study by the California Department of Employment Development reported that a total of 6,566 jobs existed within the three communities. The greatest percentage of these jobs (34.92 percent) were in trade with services following at 23.38 percent. A distribution of these 6,566 jobs by industry is shown in the tabulation below.

Unemployment data for the Tri-Cities communities was last calculated during the 1970 Census when it was reported that Dana Point had 5.8 percent unemployed, Capistrano Beach 2.3 percent, and San Clemente 5.1 percent compared with 5.4 percent for Orange County. California Department of Development surveys indicate a seasonally adjusted unemployment rate of 6.7 percent for Orange County in July 1976, an improvement from the 7.8 percent reported in July 1975.

The following tabulation page summarizes the places of employment for San Clemente heads of households as reflected in the 1974 special census.

CITY OF SAN CLEMENTE

Place of Employment of Resident Primary Wage Earners, November 1974

	Number	Percentage of Total ^①
City of San Clemente	1,603	22.14%
Elsewhere in Orange County	1,729	23.89
Los Angeles County	352	4.86
San Diego County	783	10.82
Other	226	3.12
Unemployed or Student	204	2.82
Retired	2,342	32.35
Total	7,239	100.00%

① Percentage of valid responses.

Source: State Department of Finance.

TRI-CITIES MUNICIPAL WATER DISTRICT

Number of Jobs by Industry

July 1974

	Capistrano Beach	Dana Point	San Clemente	Total	Percentage of Total
Agriculture	0	0	*	*	*
Mining	0	0	*	*	*
Construction	86	80	194	360	5.48%
Manufacturing	137	*	594	731	11.13
Transportation, Communication and Utilities	*	34	94	128	1.95
Trade	235	686	1,372	2,293	34.92
Finance, Insurance and Real Estate	*	26	210	236	3.60
Services	270	199	1,066	1,535	23.38
Government	216	248	743	1,207	18.38
Other	24	12	40	76	1.16
Total	968	1,285	4,313	6,566	100.00%

* Data unavailable due to confidential nature. Such figures are summarized in the "Other" category.

Source: State Employment Development Department.



An aerial view of the northern portion of the Tri-Cities Municipal Water District with the central and north part of the City of San Clemente in the foreground and Dana Point in the lower background.

Industry

Industrial development within the District has been moderate to date in keeping with the sentiments of local residents to maintain the leisure atmosphere and coastal serenity of the area. The rapid development of Southern Orange County and the creation of industrial parks in nearby communities may gradually change this situation.

There are approximately 30 light manufacturing firms operating in San Clemente. Most of these companies employ fewer than 20 persons with the largest, Reeves Rubber, Inc., employing a work force of 197. Reeves Rubber, Inc. produces molded and extruded rubber products. TRW Systems Group has a space and defense facility in unincorporated territory adjacent to the District which employs about 200 persons. The San Clemente Sun-Post, the District's largest publisher, employs 33 workers. The Ludlow Corporation in Capistrano Beach employs about 35 persons in the production of sponge rubber padding.

The neighboring City of San Juan Capistrano contains several industrial employers, the largest of which is Potter & Brumfield (electronic relays), a division of AMF Incorporated. Potter & Brumfield employs about 400 workers. Endevco, a Beckton Dickinson subsidiary, engaged in the production of electronic measuring devices, moved to San Juan Capistrano two years ago and employs 375 persons. A Burroughs Corporation facility engaged in large scale computer manufacturing employs a work force of about 770 in nearby Mission Viejo.

Camp Pendleton

The Camp Joseph Pendleton U. S. Marine Corps Base extends along 17 miles of coastline from the City of San Clemente southward to the northern boundary of the City of Oceanside. Camp Pendleton is the world's largest Marine amphibious training base and home of the 1st Marine Division. The base encompasses approximately 125,000 acres and includes facilities for the basic training of infantrymen. Camp Pendleton also has facilities for the training and exercise of amphibious assault air/ground teams.

Base personnel include approximately 31,500 military, 9,500 dependents living on-base and 3,000 civilian employees. The annual payroll exceeds \$190 million.

San Onofre Nuclear Generating Station

The San Onofre Nuclear Generating Station is a joint project of the Southern California Edison Company (80 percent interest) and the San Diego Gas and Electric Company (20 percent interest). The station consists of one completed unit, plus two more under construction.

Unit 1 was completed in January 1968, and has a capacity of 450,000 kilowatts. Units 2 and 3 will each have a 1,100,000 kilowatt capacity. The 1975 year-end book value of Unit 1 was \$89.8 million. Units 2 and 3 are scheduled for completion in late 1981, and early 1983, respectively, at a combined cost exceeding \$2 billion.

Approximately 100 persons are employed to operate Unit 1, while an additional 2,000 workers are involved with the construction of Units 2 and 3. These latter two units will require a combined total of 100 persons for operation and maintenance upon completion.

Banking

There are 10 commercial banking offices in the District including Bank of America (3 offices), Security Pacific National Bank (2 offices), California First Bank (2 offices), Bank of San Clemente, Crocker National Bank, and United California Bank.

A total of six savings and loan association offices are provided in the District by Allstate Savings and Loan Association, Laguna Federal Savings and Loan Association, Mutual Savings and Loan Association, Provident Federal Savings and Loan Association, San Diego Federal Savings and Loan Association, and Santa Barbara Savings and Loan Association.

Commercial Activity

Since Capistrano Beach and Dana Point are unincorporated the State Board of Equalization does not compile taxable transaction data for these two communities. Both areas derive sizeable income from visitor-related facilities such as motels, eating places, and automobile service stations. The Dana Point Harbor and its attendant shops, restaurants, motel, boat slips, boating supply and maintenance facilities, and sportfishing operation is a major source of recreation-based income. Commercial outlets which serve the resident population of these communities have expanded to include popular chain

stores at Grants Plaza on the Palisades and the Capistrano Beach Plaza.

San Clemente has a highly-developed commercial base and taxable transactions in the City nearly doubled between 1971 and 1975. The following summary depicts the growth in taxable transactions within the City of San Clemente for the past five calendar years.

CITY OF SAN CLEMENTE

Taxable Transactions

Year	Permits	Taxable Transactions
1971	532	\$27,884,000
1972 ^①	533	36,374,000
1973	558	44,391,000
1974	597	47,989,000
1975	641	52,883,000

① Gasoline for highway use became taxable July 1, 1972.
Source: California State Board of Equalization

A breakdown of 1975 taxable transactions and permits within the City of San Clemente by type of

outlet is summarized in the tabulation at the bottom of the page.

Utilities

Electric power is supplied by the San Diego Gas and Electric Company. The Southern California Gas Company provides natural gas. Telephone service is furnished by the Pacific Telephone and Telegraph Company. Sewerage service is provided by a municipal system in the City of San Clemente, by the Dana Point Sanitary District, and by the Capistrano Beach Sanitary District. Retail water service is supplied by the City of San Clemente and the Capistrano Beach County Water District.

Transportation

The District is located at the junction of Interstate 5, the major north-south thoroughfare on the West Coast, and State Highway 1, the Coast Highway. Five trucking firms have daily service to San Clemente.

The Atchison, Topeka and Santa Fe Railroad main line traverses the District. Daily Amtrak service to Los Angeles and San Diego is available in San Clemente.

CITY OF SAN CLEMENTE

Taxable Transactions by Type of Outlet — 1975

Type of Business	Permits	Taxable Transactions
Apparel stores	22	\$ 1,873,000
General merchandise stores	12	3,739,000
Drug stores	7	793,000
Food stores	20	6,717,000
Packaged liquor stores	10	2,087,000
Eating and drinking places	70	8,619,000
Home furnishings and appliances	34	1,779,000
Building materials and farm implements	14	1,768,000
Automotive dealers and auto supplies	15	5,642,000
Service stations	30	8,924,000
Other retail stores	70	3,443,000
Retail Stores Total	304	\$45,384,000
All other outlets	337	7,499,000
TOTAL ALL OUTLETS	641	\$52,883,000

Source: California State Board of Equalization

Inter- and intra-urban bus service is available from the Orange County Transit District. Greyhound and Continental Trailways provide overland coach service.

The Orange County Airport is located 30 minutes from the Tri-Cities area and provides numerous daily flights throughout the far west. The Capistrano Airport, a general aviation facility, in neighboring San Juan Capistrano provides facilities for over 100 planes.

Recreation and Tourism

The three communities have been popular beach resorts for decades. Each community has municipal public beaches. There also are three State Beaches: Doheny State Beach, San Clemente State Beach, and

San Onofre State Beach. The annexed area includes the San Onofre State Beach. Seven public parks are located in San Clemente as is a public golf course and a country club.

The major addition to the recreational facilities of the District is the Dana Point Marina. It currently has accommodations for 2,462 pleasure boats in its East Basin which is filled to capacity. Another 1,000 boat slips are under construction in the West Basin and are scheduled for completion in August, 1976. The marina is the newest major small boat harbor in Southern California and hosts many speciality shops, restaurants, a motel, sportfishing enterprise and boating maintenance operations. The marina was constructed as a joint project between the Orange County Harbor District and the Army Corps of Engineers.

The Dana Point Marina



The adjacent community of San Juan Capistrano attracts thousands of visitors annually to its historic Mission, built in 1776, where the swallows return each March 19th.

Orange County, in general, is one of the major recreation and visitor centers of Southern California as it includes Disneyland, Knott's Berry Farm, and Lion Country Safari.

Education

The three Tri-Cities communities are located within the Capistrano Unified School District which provides education from kindergarten through high school. Public school facilities include six elementary schools and two high schools located within the three communities. Junior high school needs are currently being met by schools in neighboring Laguna Niguel and San Juan Capistrano pending completion of the Shorecliff Junior High School in San Clemente in the Fall of 1977.

Shown below is a five year summary of average daily attendance for the September to June school year as reported by the school district.

The District is also within the Saddleback Community College District which operates a two-year college in nearby Mission Viejo. The closest four-year institutions are the University of California at Irvine and California State University, Fullerton.

Community Facilities

The 116-bed San Clemente General Hospital services the general medical needs of the area. Other nearby general hospitals include the 268-bed South Coast Community Hospital, the 212-bed Mission Community Hospital, and the 155-bed Saddleback Community Hospital. The Beverly Manor Convalescent Hospital is located in Capistrano Beach. Capistrano By The Sea Hospital, a facility which specializes in treating psychiatric disorders and alcoholism, is in Dana Point.

The City of San Clemente has 14 churches representing the major denominations, and more than 80 civic, cultural and youth organizations. All major service, fraternal, and veterans organizations are represented in the District.

The three communities receive daily newspapers from the Los Angeles and Orange County metropolitan areas including the Los Angeles Times, the Los Angeles Herald-Examiner, and The Register, published in Santa Ana. The San Clemente Daily Pilot is distributed daily and the San Clemente Sun-Post is distributed daily, except on weekends. The Coastal Dispatch is published in San Clemente and distributed weekly throughout the District.

One local cable television station (channel 3) and one local radio station (KAPX-FM) are located in the District. The area also receives a total of 16 television channels from Los Angeles and San Diego.

CAPISTRANO UNIFIED SCHOOL DISTRICT

Average Daily Attendance

Fiscal Year	K-8	9-12	Continuation School	Total
1971/72	5,994	2,565	28	8,587
1972/73	6,692	2,850	22	9,564
1973/74	7,468	3,359	40	10,867
1974/75	8,480	3,674	24	12,178
1975/76	9,425	4,162	25	13,612

Source: Capistrano Unified School District

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